

Tax Policy for Inputs to Digital Goods: Reproduction and Redistribution Rights in Digital Goods Distributed With or Without a Charge

- Digital Goods and other standard data are made available to consumers by in-state businesses from their own intellectual property or under limited license grants from inventors and authors that allow for the reproduction and redistribution of such information.
- The rights to reproduce and redistribute are distinct from the end-user rights enjoyed by a consumer.
- Such digital goods are reproduced from a “master copy” and made available to consumers with or without a charge in a variety of ways.
- The committee must address the conceptual framework under which sales, deferred sales, or use tax would apply to digital goods provided free of charge or consumed in the provision of a service by in-state businesses.
- Master copies of digital goods are not “digital equivalents” of tangible personal property because the rights held by licensor or the sub-licensor, are not similar or comparable to the rights held by a consumer of tangible personal property.
- By excluding master copies of digital goods from the tax base, industry is encouraged to invest more capital, create more jobs, and expand operations in Washington.